

DEPARTMENTAL BUDGET INFORMATION

FINANCE (23)

MISSION

The mission of the Finance Department is to sustain the City's financial solvency, provide finance-based services to City departments and facilitate economic growth in Detroit through the effective and efficient management of resources and processes that provide essential services, a safer environment and an improved business climate for a World Class City's public and private sector customers.

DESCRIPTION

The Finance Department's principal responsibilities focus upon safeguarding the City's financial position by maximizing revenues, controlling expenditures, managing risk exposure, monitoring debt parameters and reporting financial information.

The Finance Department is comprised of various divisions. The **Administrative** division sets and maintains policies and procedures to be used throughout the Department. The **Assessments, Treasury and Income Tax** divisions are responsible for property valuation and for collecting property taxes, income taxes and utility users taxes owed to the City. The **Accounts** division is responsible for maintaining accounting controls, the pre-audit of expenditures, and processing all payments including payrolls. The **Purchasing** division is responsible for the processing of City purchase orders and contracts. The **Risk Management** unit protects the assets and earning power of the City from loss or destruction and is responsible for maintaining the self-insurance Risk Management Fund, and this unit administers various safety programs. The **Debt Management** unit is responsible for

financing the City's capital needs and those of quasi-public agencies, and for investing all City funds, excluding Pensions funds. This division also administers the City's deferred compensation plan. The **Pension** division is responsible for the administration of the employee pension and retirement systems.

MAJOR INITIATIVES

The Finance Department instituted a new State Tax Automated Compliance System (STAX) which identified more than 7,500 taxpayers that filed IRS returns but not City of Detroit tax returns. This system will help the city collect millions of dollars in unpaid income taxes.

Despite the tough economy the Wall Street bond rating agencies continue to look favorably at the city's financial operations. The city maintained all of its various bond-rating levels in 2003.

DRMS 11i – The Finance department will implement a cash management module to assist the city in taking advantage of higher returns on its investments. Also, Finance will implement **Noetix Views**, a report generating software for end-users that will that will provide ad-hoc management reports and require little or no Oracle programming knowledge. Also, with Noetix Views in place we will install **Dashboard** software to allow up-to-date standardized and/or ad-hoc DRMS reports to be available at a touch single button. These reporting tools have the capability to integrate DRMS information with other Finance systems such as BARS, Equalizer, and Fixed Assets systems in future implementations.

The Finance Department recently began utilizing the services of a vendor to help the

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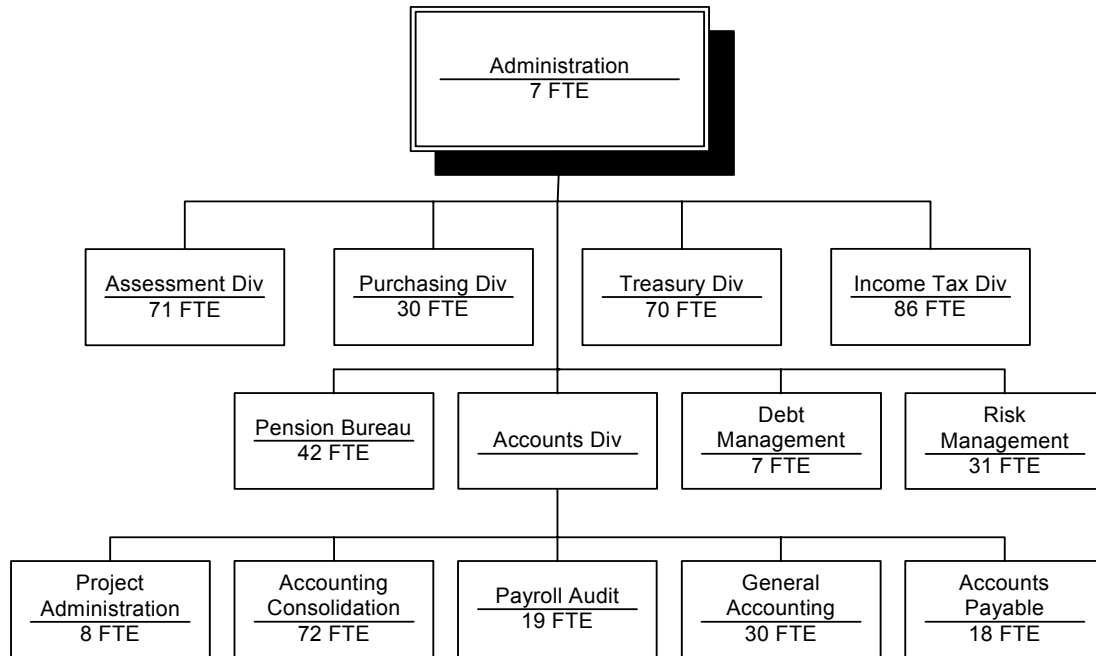
City determine the “full” cost of service for user fees that the city charges for service. The services of the vendor will continue into Fiscal Year 2004-05. The city is then expected to update the rate, or fee, schedule to recoup these costs. Six major departments will be the focus of this study, and they include the Department of Public Works, Fire, Health, Police, Planning and Development and Recreation. This study will also assist the city in determining the current general fund subsidy being provided for user fee services for these departments. Additionally, this user fee study will allow the city to make recommendations for fee adjustments to reduce the current general fund subsidy and shift more of the burden to the direct beneficiaries of those services. This study is anticipated to bring in increased revenue to the city.

Finance will assist in the establishment of a Program Management Office (PMO). In 2002 the mayor assembled a team of business professionals, the Committee on Operational and Financial Reengineering (COFR). This committee recommended that the City of Detroit reengineer several of its departments one at a time. The PMO will be a unit dedicated to insuring that every aspect of the reengineering effort is well managed and coordinated across departments. This office is located in the Non-Departmental (35) budget.

PLANNING FOR THE FUTURE

The Finance department will complete a study in 2003-2004 of the entire City of Detroit finance function. During the upcoming fiscal year consultants will work with Finance Department staff and conduct interviews, focus groups, and/or survey key personnel at virtually all city departments. The group will determine which employees throughout the city are performing duties that should be conducted by Finance Department employees. The group will make recommendations to reorganize as necessary to insure that the Chief Financial Officer has control over the Finance Function.

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PERFORMANCE GOALS, MEASURES AND TARGETS

Goals: Measures	2002-03 Actual	2003-04 Projection	2004-05 Target
Improve the City's financial position by managing exposure to risk: Timely investigation of all accident reports	2.0 days	2.0 days	2.0 days
Improve payment processing time by upgrading systems and continuously improving internal operations: Percent of valid invoices paid in 45 days	100%	100%	100%
Facilitate business development and economic growth by providing timely and accurate analysis and arrangements: Vendor payments processed	150,000	150,000	150,000
Add value for our customers and stakeholders through the effective, efficient management and safeguarding of the City's financial activities, assets and human resources: Percent of current property tax levy collected in current year	88%	91%	97%

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EXPENDITURES

	2002-03		2004-05		
	Actual	2003-04	Mayor's	Variance	Variance
	Expense	Redbook	Budget Rec		Percent
Salary & Wages	\$ 20,319,344	\$ 21,924,547	\$ 21,131,215	\$ (793,332)	-4%
Employee Benefits	11,196,372	12,841,601	13,972,694	1,131,093	9%
Prof/Contractual	4,030,968	4,932,862	4,106,532	(826,330)	-17%
Operating Supplies	322,192	837,598	727,411	(110,187)	-13%
Operating Services	5,102,305	5,891,653	5,480,913	(410,740)	-7%
Capital Equipment	151,004	32,032	23,661	(8,371)	-26%
Capital Outlays	52,949	-	-	-	0%
Fixed Charges	288,804	415,911	412,061	(3,850)	-1%
Other Expenses	150,375	335,130	375,286	40,156	12%
TOTAL	\$ 41,614,313	\$ 47,211,334	\$ 46,229,773	\$ (981,561)	-2%
POSITIONS	529	533	491	(42)	-8%

REVENUES

	2002-03		2004-05		
	Actual	2003-04	Mayor's	Variance	Variance
	Revenue	Redbook	Budget Rec		Percent
Fines/Forfeits/Penalties	\$ 36,138	\$ 33,220	\$ 33,884	\$ 664	2%
Revenues from	-	-	-		
Sales & Charges	43,047,864	7,491,553	7,908,302	416,749	6%
Sales of Assets	141,052	2,000	2,000	-	0%
Miscellaneous	284,653	314,140	288,424	(25,716)	-8%
TOTAL	\$ 43,509,707	\$ 7,840,913	\$ 8,232,610	\$ 391,697	5%

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